



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

ORIGINAL

February 14, 2005

Ms. Pamela Bonrud
Executive Director
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

RECEIVED

FEB 15 2005

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Re: Docket No. EL04-016

Dear Ms. Bonrud:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc. herewith submits the original and eleven (11) copies of the supplemental testimony of Mr. Edward D. Kee.

Please acknowledge receipt by stamping or initiating the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

Donald R. Ball
Assistant Vice President –
Regulatory Affairs

Attachment

cc: Service List

Montana-Dakota Utilities Co.
Docket No. EL04-016
Service List

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY)
SUPERIOR RENEWABLE ENERGY LLC ET AL.) EL04-016
AGAINST MONTANA-DAKOTA UTILITIES CO.)
REGARDING THE JAVA WIND PROJECT)

SUPPLEMENTAL TESTIMONY OF EDWARD D. KEE
14 FEBRUARY 2005

1 **Q. Please state your name.**

2 **A. My name is Edward D. Kee. I am a member of the management group of PA**
3 Consulting Group, Inc. (PA).

4 **Q. Are you the same Edward D. Kee who submitted pre-filed testimony on**
5 **January 31, 2005?**

6 **A. Yes.**

7 **Q. What is the purpose of this supplemental testimony?**

8 **A. To provide the attached revised version of Exhibit EDK-5.**

9 **Q. Please explain why it is appropriate to revise Exhibit EDK-5.**

10 **A. The avoided energy cost estimates in Exhibit EDK-5 in my pre-filed testimony**
11 were based upon PROSYM runs completed by Montana-Dakota under my
12 direction. Montana-Dakota's version of PROSYM did not allow me to properly
13 calculate the avoided energy cost by time period within each year. As a result,
14 the seasonal avoided energy costs in the original Exhibit EDK-5 were estimated
15 based on PROSYM marginal energy outputs.

16 **Q. What has changed in the revised Exhibit EDK-5?**

17 **A. The seasonal avoided energy costs in each time period within each year are**
18 based upon relationships between the seasonal prices calculated consistently
19 with the QF-In and QF-Out approach that I described in my pre-filed testimony.

20 **Q. How were the seasonal relationships developed?**

21 **A. PA calculated the seasonal change in costs using a more recent version of**
22 PROSYM (MULTISYM V4.1.23) than the version used by Montana-Dakota

1 (PROSYM V3.1a2). The more recent version of PROSYM allowed calculation of
2 avoided energy costs by time period within each year. PA's use of a different
3 version of PROSYM required minor changes to the data in the input files used by
4 Montana-Dakota to make the input files compatible with the PA version of
5 PROSYM. As the annual average amounts differed slightly from the Montana-
6 Dakota numbers, I used the PA PROSYM runs to develop a set of ratios. Each
7 year has 4 ratios (eg, the Summer on-peak avoided energy cost divided by the
8 annual average avoided energy cost in a particular year). These ratios were
9 applied to Montana-Dakota's annual average avoided energy costs as shown in
10 the Revised Exhibit EDK-5.

11 **Q. Does this conclude your supplemental testimony?**

12 **A.** Yes.

Exhibit No. EDK-5 (revised 14 Feb 05)

Stipulated avoided energy costs

Year	Annual average (\$/MWh)	Winter off-peak (\$/MWh)	Winter on-peak (\$/MWh)	Summer off-peak (\$/MWh)	Summer on-peak (\$/MWh)
2006	17.39	14.82	20.89	13.81	22.31
2007	22.22	18.14	25.22	23.46	23.57
2008	20.57	21.41	18.65	21.24	20.32
2009	21.07	20.20	23.32	22.16	18.36
2010	21.79	21.37	23.48	21.16	21.71
2011	17.83	16.78	20.75	15.48	19.59
2012	15.97	15.48	15.39	14.20	19.42
2013	17.32	16.22	21.05	13.36	19.62
2014	16.65	13.57	19.45	14.98	20.15
2015	17.01	15.48	21.49	16.68	14.89
2016	16.92	17.62	15.51	16.95	17.05
2017	18.45	19.30	18.85	16.15	19.50
2018	18.06	17.49	15.89	15.07	24.63
2019 ¹	18.33	17.57	17.03	18.15	20.81

¹ Should this Proceeding result in a PPA term that extends beyond 2019, the PROSYM model will be modified and used to calculate stipulated avoided energy costs beyond 2019 that will be provided in a supplemental filing.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

_____)
IN THE MATTER OF THE FILING BY)
SUPERIOR RENEWABLE ENERGY LLC ET AL.)
AGAINST MONTANA-DAKOTA UTILITIES CO.)
REGARDING THE JAVA WIND PROJECT)
_____)

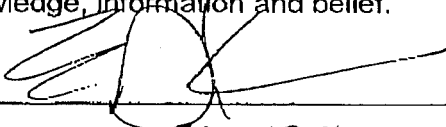
EL04-016

AFFIDAVIT

City of ALEXANDRIA

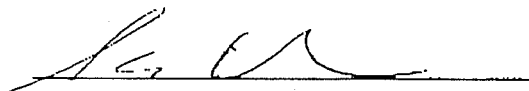
State of VIRGINIA

Edward D. Kee, being first duly sworn, deposes and says that the Supplemental Testimony of Edward D. Kee submitted on 14 Feb 05 in the above-captioned proceeding was prepared by him, with the assistance of others working under his direction and supervision, that he is familiar with the contents thereof, and that the statements set forth therein are true and correct to best of his knowledge, information and belief.



Edward D. Kee

Subscribed and sworn before me
this 14 day of February 2005.



Notary Public

My Commission expires: 5/31/06